

EXHIBIT 1

SC 13D 1 sc13d13351002_03072022.htm SCHEDULE 13D

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 13D
(Rule 13d-101)**

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No.)¹

Bed Bath & Beyond Inc.
(Name of Issuer)

Common Stock, \$0.01 par value per share
(Title of Class of Securities)

075896100
(CUSIP Number)

RYAN NEBEL
OLSHAN FROME WOLOSKY LLP
1325 Avenue of the Americas
New York, New York 10019
(212) 451-2300
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 24, 2022
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box ☐.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the *Notes*).

1	NAME OF REPORTING PERSON RC VENTURES LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 9,450,100
	8	SHARED VOTING POWER - 0 -
	9	SOLE DISPOSITIVE POWER 9,450,100
	10	SHARED DISPOSITIVE POWER - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 9,450,100	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.8%	
14	TYPE OF REPORTING PERSON OO	

1	NAME OF REPORTING PERSON RYAN COHEN	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION CANADA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 9,450,100
	8	SHARED VOTING POWER - 0 -
	9	SOLE DISPOSITIVE POWER 9,450,100
	10	SHARED DISPOSITIVE POWER - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 9,450,100	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.8%	
14	TYPE OF REPORTING PERSON IN	

The following constitutes the Schedule 13D filed by the undersigned (the “Schedule 13D”).

Item 1. Security and Issuer.

This statement relates to the Common Stock, par value \$0.01 per share (the “Shares”), of Bed Bath & Beyond Inc., a New York corporation (the “Issuer”). The address of the principal executive offices of the Issuer is 650 Liberty Avenue, Union, New Jersey 07083.

Item 2. Identity and Background.

(a) This statement is filed by:

- (i) RC Ventures LLC, a Delaware limited liability company (“RC Ventures”), with respect to the Shares directly and beneficially owned by it; and
- (ii) Ryan Cohen, as the Manager of RC Ventures.

Each of the foregoing is referred to as a “Reporting Person” and collectively as the “Reporting Persons.” Each of the Reporting Persons is party to that certain Joint Filing Agreement, as further described in Item 6. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

(b) The address of the principal office of each of RC Ventures and Mr. Cohen is P.O. Box 25250, PMB 30427, Miami, Florida 33102-5250.

(c) The principal business of RC Ventures is to hold investments. Mr. Cohen’s principal occupation is investing and entrepreneurial efforts, including by serving as the Manager of RC Ventures. Mr. Cohen also serves as the Chairman of the board of directors of GameStop Corp., which offers games, entertainment products and technology through its e-commerce properties and stores.

(d) No Reporting Person has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) No Reporting Person has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Cohen is a citizen of Canada.

Item 3. Source and Amount of Funds or Other Consideration.

The Shares beneficially owned by RC Ventures were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business). The aggregate purchase price of the 7,780,000 Shares directly owned by RC Ventures is approximately \$119,376,296, excluding brokerage commissions. The aggregate purchase price of the call options exercisable into 1,670,100 Shares owned directly by RC Ventures is approximately \$1,785,263, excluding brokerage commissions.

Item 4. Purpose of Transaction.

The Reporting Persons purchased the Shares based on the Reporting Persons' belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase or sale of Shares desirable, the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Shares on the open market or in private transactions including through a trading plan created under Rule 10b5-1(c) or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

The Reporting Persons intend to engage in communications with the Issuer's Board of Directors (the "Board") and management team regarding opportunities to enhance shareholder value and improve corporate governance.

On March 6, 2022, the Reporting Persons delivered a letter to the Board (the "Letter") encouraging the Board to adjust the Issuer's strategy and explore alternative paths to value creation. Specifically, the Reporting Persons expressed their belief that the Issuer should narrow its focus to fortify operations and maintain the right inventory mix to meet demand, while simultaneously exploring strategic alternatives that include separating buybuy Baby, Inc. and a full sale of the Issuer. The full text of the Letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis and to communicate with the Issuer's management, Board and other interested parties about a broad range of operational and strategic matters, and may discuss a potential sale of the Issuer or certain of its businesses or assets, in which the Reporting Persons may participate, as a means of enhancing shareholder value. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, engaging in additional communications with management and the Board of the Issuer, engaging in discussions with shareholders of the Issuer or third parties, including potential acquirers, service providers and financing sources, about the Issuer and the Reporting Persons' investment, making proposals to the Issuer concerning changes to the capital allocation strategy, capitalization, ownership structure, including a sale of the Issuer as a whole or in parts, Board structure (including Board composition) or operations of the Issuer, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 96,337,713 Shares outstanding as of November 27, 2021 as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on January 6, 2022.

As of the date hereof, RC Ventures directly beneficially owned 9,450,100 Shares, including 1,670,100 Shares underlying certain call options, constituting approximately 9.8% of the Shares outstanding. Mr. Cohen, as the Manager of RC Ventures, may be deemed to beneficially own the 9,450,100 Shares directly beneficially owned by RC Ventures, constituting approximately 9.8% of the Shares outstanding.

The filing of this Schedule 13D shall not be deemed an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any securities of the Issuer that he or it does not directly own. Each of the Reporting Persons specifically disclaims beneficial ownership of the securities reported herein that he or it does not directly own.

(b) By virtue of his position with RC Ventures, Mr. Cohen and RC Ventures may be deemed to have sole power to vote and dispose of the Shares reported owned by RC Ventures.

(c) Schedule A annexed hereto lists all transactions in securities of the Issuer by the Reporting Persons during the past sixty days. All of such transactions were effected in the open market.

(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

RC Ventures has purchased exchange-listed American-style call options referencing an aggregate of 1,125,700 Shares, which have an exercise price of \$60.00 per Share and expire on January 20, 2023. RC Ventures has purchased exchange-listed American-style call options referencing an aggregate of 44,400 Shares, which have an exercise price of \$75.00 per Share and expire on January 20, 2023. RC Ventures has purchased exchange-listed American-style call options referencing an aggregate of 500,000 Shares, which have an exercise price of \$80.00 per Share and expire on January 20, 2023.

On March 7, 2022, the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer to the extent required by applicable law. The Joint Filing Agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

99.1 Letter to the Board, dated March 6, 2022.

99.2 Joint Filing Agreement by and between RC Ventures LLC and Ryan Cohen, dated March 7, 2022.

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 7, 2022

RC Ventures LLC

By: /s/ Ryan Cohen

Name: Ryan Cohen
Title: Manager

/s/ Ryan Cohen

Ryan Cohen

SCHEDULE A**Transactions in Securities of the Issuer During the Past Sixty Days**

<u>Nature of Transaction</u>	<u>Amount of Securities Purchased</u>	<u>Price per Share (\$)</u>	<u>Date of Purchase</u>
<u>RC VENTURES LLC</u>			
Purchase of Common Stock	1,000,000	14.7690	01/13/2022
Purchase of Common Stock	500,000	15.2860	01/14/2022
Purchase of Common Stock	300,717	14.3930	01/20/2022
Purchase of Common Stock	99,283	13.0760	01/21/2022
Purchase of Common Stock	50,000	14.9100	01/25/2022
Purchase of Common Stock	200,000	15.0480	01/26/2022
Purchase of Common Stock	251,336	13.8440	01/27/2022
Purchase of Common Stock	440,981	14.4890	01/28/2022
Purchase of Common Stock	44,333	16.5810	01/31/2022
Purchase of Common Stock	609,941	16.4710	01/31/2022
Purchase of Common Stock	187,962	16.9760	02/01/2022
Purchase of Common Stock	156,574	17.1020	02/02/2022
Purchase of Common Stock	75,000	16.0790	02/04/2022
Purchase of Common Stock	83,873	16.2780	02/07/2022
Purchase of Common Stock	70,000	15.8230	02/14/2022
Purchase of Common Stock	30,000	16.2280	02/16/2022
Purchase of Common Stock	75,000	14.0310	02/22/2022
Purchase of Common Stock	367,833	15.2060	02/24/2022
Purchase of Common Stock	500,000	13.6600	02/24/2022
Purchase of Common Stock	500,000	14.5770	02/24/2022
Purchase of Common Stock	300,000	13.4260	02/24/2022
Purchase of Common Stock	542,621	16.2230	02/25/2022
Purchase of Common Stock	115,000	16.1140	02/25/2022
Purchase of Common Stock	500,000	16.6010	02/28/2022
Purchase of January 2023 Call Option (\$60 Exercise Price)*	4,757	0.9324	02/28/2022
Purchase of January 2023 Call Option (\$75 Exercise Price)*	243	0.7603	02/28/2022
Purchase of January 2023 Call Option (\$60 Exercise Price)*	5,000	1.4693	03/01/2022
Purchase of January 2023 Call Option (\$60 Exercise Price)*	1,500	1.4115	03/01/2022
Purchase of January 2023 Call Option (\$75 Exercise Price)*	201	1.0803	03/01/2022
Purchase of January 2023 Call Option (\$80 Exercise Price)*	5,000	0.7103	03/01/2022
Purchase of Common Stock	307,341	16.9429	03/01/2022
Purchase of Common Stock	311,660	16.7564	03/01/2022
Purchase of Common Stock	70,545	16.6800	03/01/2022
Purchase of Common Stock	69,516	17.2540	03/02/2022
Purchase of Common Stock	20,484	16.8090	03/03/2022

* Exchange-listed American-style call options with expiration date of January 20, 2023.

EX-99.1 2 ex991to13d13351002_03072022.htm LETTER TO BOARD

RC Ventures LLC

March 6, 2022

Bed Bath & Beyond Inc.
650 Liberty Avenue
Union, New Jersey 07083
Attn: Board of Directors

Dear Members of the Board,

I write to you in my capacity as the Manager of RC Ventures LLC (together with its affiliates, “RC Ventures” or “we”), which is a top five shareholder of Bed Bath & Beyond, Inc. (“Bed Bath” or the “Company”) with beneficial ownership of approximately 9.8% of the Company’s outstanding shares.

We have carefully assessed Bed Bath’s assets, balance sheet, corporate governance, executive compensation, existing strategy and potential alternatives. While we like Bed Bath’s brand and capital allocation policy, we have concerns about leadership’s compensation relative to performance and its strategy for reigniting meaningful growth. Approximately 18 months after releasing a 170-page cover-the-waterfront plan, the Company is struggling to reverse sustained market share losses, stem years-long share price declines and navigate supply chain volatility. Meanwhile, the Company’s named executive officers were collectively awarded nearly \$36 million in compensation last fiscal year – a seemingly outsized sum for a retailer with a nearly \$1.6 billion market capitalization.¹

It is important to stress that we do not place significant emphasis on any one quarter or any one year when evaluating a business. We also do not criticize a board of directors and management team when they are quietly laying a foundation for future growth and value creation. To the contrary, we are maniacally focused on the long-term. But the issue at Bed Bath is that its highly-publicized and scattershot strategy is not ending the tailspin that has persisted before, during and after the pandemic’s nadir and the appointment of Chief Executive Officer Mark Tritton. As evidence, we point to the Company’s disappointing shareholder returns and perpetual underperformance across every relevant time horizon:²

TOTAL SHAREHOLDER RETURNS ("TSR")	1-YEAR	3-YEAR	5-YEAR	10-YEAR	CEO TENURE
<i>Bed Bath</i>	-43.55%	10.67%	-54.01%	-69.32%	20.57%
<i>S&P 500</i>	16.47%	63.10%	98.81%	284.91%	46.11%
<i>S&P Retail Select Industry Index</i>	-2.17%	77.53%	93.81%	197.68%	79.05%
<i>Bed Bath's Selected Peer Group</i> ³	19.70%	60.90%	98.22%	217.76%	71.88%

Almost two-and-a-half years into Mr. Tritton’s tenure, Bed Bath has underperformed the S&P Retail Select Industry Index by more than 58% on an absolute basis and is looking at an approximately 29% decline in full-year sales from pre-pandemic levels.⁴ In the most recent quarter, core sales dropped by 14% year-over-year and same-store sales dropped by 7% year-over-year.⁵ These results cannot be solely blamed on the pandemic when other retailers are nearing or exceeding 2019 sales levels. That is why we feel compelled to scrutinize the viability of the Company’s extremely ambitious and widely-touted strategy.

¹ Company proxy statement for 2021 Annual Meeting of Shareholders (“2021 Annual Meeting”).

² TSR data, which was obtained via Bloomberg and includes reinvested dividends, runs through the close of trading on Friday, March 4, 2022.

³ Peers include AAP, AZO, BIG, BURL, DKS, DDS, DG, DLTR, FL, GPS, KSS, BBWI, M, JWN, ODP, ORLY, ROST, TSCO, ULTA, W and WSM, but does not include MIK because it went private in 2021.

⁴ The Company has guided approximately \$7.9 billion in Fiscal Year 2021 sales and produced \$11.159 billion of net sales in Fiscal Year 2019.

⁵ Company press release disclosing financial results for the Third Quarter of Fiscal Year 2021, issued on January 6, 2022.

RC Ventures LLC

In light of these circumstances, we hope you are open to adjusting Bed Bath's strategy and exploring alternative paths to value creation. We cannot imagine Bed Bath's Board of Directors (the "Board") is wedded to its current strategy when the independent members have made very few open market purchases and appear to hold less than 0.5% of the Company's shares in the aggregate (most of which has been granted at shareholders' expense).⁶ Similarly, we do not see how Mr. Tritton is in a position to dismiss our input when shareholders have compensated him to the tune of approximately \$27 million over the past two fiscal years – a number that exceeds what was paid to the chief executives of much larger retailers such as Advanced Auto Parts (~\$13 billion market capitalization), Dollar Tree (~\$33 billion market capitalization), Kohl's (~\$8 billion market capitalization) and Macy's (~\$7.5 billion market capitalization).⁷ Though we understand the pandemic was a major challenge, Mr. Tritton should recognize that chief executives who are awarded outsized compensation and seek frequent publicity also invite much higher expectations when it comes to growth and shareholder value creation.

At bottom, cracks have emerged in Bed Bath's overly ambitious strategy. Leadership should assess whether a shrinking small-cap retailer with a modest cash position and nearly \$1.2 billion in debt can afford to roll the dice. **We believe Bed Bath needs to narrow its focus to fortify operations and maintain the right inventory mix to meet demand, while simultaneously exploring strategic alternatives that include separating buybuy Baby, Inc. ("BABY") and a full sale of the Company.**

Our suggestions are as follows:

1. **Bring Greater Focus to the Company's Cumbersome Strategy** – From our vantage point, Bed Bath's strategy looks far better in a PowerPoint deck than it does in practice. It is full of "*principles*" and "*pillars*" that high-priced management consultants probably thought would placate information-hungry analysts and satisfy shareholders. However, we – and apparently a large portion of the market based on Bed Bath's short interest – doubt the Company can simultaneously buy back shares, cut expenses, invest in its infrastructure and growth, launch new offerings and meet customer demand for core goods. This plan, at least in its present form, does not seem viable.

Our own experience taking Chewy from a start-up to the ultimate destination for pets leads us to believe that focusing on a core set of objectives drives superior outcomes. In the case of Bed Bath, it appears that trying to execute on dozens of initiatives at once is leading to dozens of mediocre outcomes. We believe the Company would have been better served by front-loading the modernization of its supply chain and technology stack before engaging in more fanciful pursuits. Similarly, we feel managing the core product catalog and sustaining the right inventory mix for customers amidst the supply-constrained environment should have been fully prioritized over meeting management's October 2020 pledge to launch various private label brands in 18 months. We suspect Bed Bath will benefit more at this stage by bringing simplicity to its plan: finish fortifying the infrastructure, make remaining store fleet improvements, and prioritize core assortment and inventory fixes to meet near-term demand.

⁶ Company proxy statement for 2021 Annual Meeting and Form 4 filings.

⁷ Company proxy statement for 2021 Annual Meeting.

RC Ventures LLC

We also believe management made an avoidable mistake in Fiscal Year 2021 by giving into Wall Street's short-term information desires and providing guidance. The Company faced the pandemic, an unprecedented supply chain environment and its own turnaround. Leadership ultimately set itself up for failure and recently had to materially revise guidance, which we believe it should have never issued in the first place:⁸

Metric	Prior Fiscal Year 2021 Guidance	Revised Fiscal Year 2021 Guidance
<i>Sales</i>	\$8.1 Billion to \$8.3 Billion	Approximately \$7.9 Billion
<i>Same-Store Sales</i>	Low Double-Digits	High Single-Digits
<i>Adjusted SG&A</i>	Approximately 32%	Approximately 34%
<i>Adjusted EBITDA</i>	\$425 Million to \$465 Million	\$290 Million to \$310 Million

In light of our long-term focus, we are not an investor that demands guidance. In fact, we appreciate that Apple, one of our long-term holdings, suspended guidance amidst pandemic-related uncertainty and has never given away a detailed strategy for all of its competitors to see. We dislike when a management team spends time accommodating Wall Street, engaging with television pundits and telegraphing forecasts to the competition. We believe management's time is best spent focusing on execution that drives a better customer experience and tangible value creation.

2. **Seek to Monetize the Ultimate Destination for Babies** – Another path that can streamline Bed Bath's strategy and unlock value trapped within the Company's underperforming shares is a sale or spin-off of the BABY banner. Given that BABY is estimated to reach \$1.5 billion in sales in Fiscal Year 2023 with a double-digit growth profile and at least 50% digital penetration, we believe it is likely much more valuable than the Company's entire market capitalization today.⁹ Assuming continued growth and low double-digit margins, we estimate that BABY could be valued at a double-digit earnings multiple on a standalone basis. We believe under the right circumstances, BABY could be valued on a revenue multiple, like other ecommerce-focused retailers, and justify a valuation of several billion dollars.

In the event Bed Bath pursued a full or partial sale of BABY, it could position itself to pay off debt, put cash on the balance sheet and continue reducing its share count, thereby creating significant value for shareholders. Spinning off shares of BABY would be an even more efficient way to transfer value to shareholders. Notably, BABY's high online penetration would likely ease operational hurdles. We assume Bed Bath and BABY could still have a shared services agreement to maintain an omnichannel experience for customers.

3. **Evaluate a Full Sale to a Well-Capitalized Acquirer** – The final path we want to raise for consideration is a full sale of Bed Bath, in its current form, to one of the many well-capitalized financial sponsors with track records in the retail and consumer sectors and the ability to pay a meaningful premium. The past 10 years have shown that Bed Bath faces a difficult existence in the public market. The market is not giving the Company nearly enough credit for BABY's value. A sale that can lock in a substantial premium for shareholders and provide Bed Bath the flexibility of the private market could be an ideal outcome for customers, employees and investors.

⁸ Page 14 of the Company's Third Quarter Fiscal Year 2021 earnings presentation, which was released on January 6, 2022.

⁹ Page 121 of the Company's Investor Day presentation, which was released on October 28, 2020.

RC Ventures LLC

We believe Bed Bath presently satisfies financial sponsors' interest in specialty retailers with recognizable brands, niche assets and sub-banners, and margin expansion opportunities. A private market participant with a long-term vision could unlock meaningful value by running the core business for cash and initiating a public offering for BABY at the optimal time. After stripping out the sizable costs of being a public company and setting a more focused strategy, we suspect Bed Bath's core business — excluding BABY — could generate attractive earnings.

4. **Strengthen Leadership's Alignment with Shareholders** – We are supportive of corporate leaders receiving significant compensation when they produce superior shareholder returns. But when it comes to Bed Bath, we contend there need to be improvements to the Company's executive compensation structure and a stronger ownership mentality in the boardroom. We believe these improvements should be made regardless of the Company's strategic direction.

Hopefully leadership acts with urgency to implement the aforementioned suggestions. Given that I am the Chairman of GameStop and overseeing a systematic transformation, I am not in a position to join Bed Bath's Board and personally drive the initiatives outlined in this letter. This does not mean, however, that RC Ventures will not seek to hold the Board and management accountable if necessary.

Sincerely,

Ryan Cohen
Manager
RC Ventures LLC

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